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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING	01/01/07 MM/DD/YY	_ AND ENDING	12/31 MM/DI	
A. REGI	STRANT IDENTIF	ICATION		
NAME OF BROKER DEALER:			OFFICIAL U	SE ONLY
David J. Greene and Company, LLC				
ADDRESS OF PRINCIPAL PLACE OF BUSINES	S: (Do not use P.O. Box No).)	FIRM ID	NO.
599 Lexington Avenue	(No. and Street)			
	(NO. BINO Street)			
New York	New York		10022	
(City)	(State)		(Zip Code)	
NAME AND TELEPHONE NUMBER OF PERSO	N TO CONTACT IN I	REGARD TO THIS	REPORT	
Pong Chan			(212) 371-4200	
B. ACCO INDEPENDENT PUBLIC ACCOUNTANT whose	OUNTANT IDENTI			
	BDO Seidman, LLI			
· (Name –	- if individual, state last, firs	t, middle name)		
330 Madison Avenue	New York		New York	10017 (Zip Code)
(Address) CHECK ONE: Certified Public Accountant		AOCESSED MAR 1 3 2008	(State) Mali Pro Sect	
Public Accountant Accountant not in residence in United Sta	ites or any of its possession	THOMSON FINANCIAL	FEH 2F	200 <u>8</u>
	FOR OFFICIAL USE ONL	<u>Y</u>	©3 Washingto	ı. DC

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

...

as o parti	ncia f Do ner,	ong Chan, swear (or affirm) that, to the best of my knowledge and belief the accompanying I statement and supporting schedules pertaining to the firm of <u>David J. Greene and Company, LLC</u> , ecember 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any proprietor, principal officer or director has any proprietary interest in any account classified solely of a customer, except as follows:
	_	
	_	long ch
		Signature
		Chief Financial Officer
	C	hery Horowit
	Cor	Notary Public CHERYL HOROWITZ Notary Public, State of New York No. 01H05043759 Qualified In New York County nmission Expires 3 8 0 0 9 out** contains (check all applicable boxes):
_		Facing Page.
	` '	Statement of Financial Condition.
	. ,	Statement of Income (Loss).
		Statement of Cash Flows. Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
H	(e)	Statement of Changes in Stockholders Equity of Farthers of Bote Proprietors & Eaglish Statement of Changes in Liabilities Subordinated to Claims of Creditors.
H		Computation of Net Capital.
H		Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
Ħ	6)	Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
	(i)	A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
	(k)	A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods
K***		of Consolidation.
X	. ,	An Oath or Affirmation.
		A Copy of the SIPC Supplemental Report. A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the
	(n)	Previous Audit.
\boxtimes	(0)	Independent Auditors' Report on internal control required by SEC Rule 17a-5.
_	• ′	

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Statement of Financial Condition
December 31, 2007



Statement of Financial Condition
December 31, 2007

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330 Madison Avenue New York, New York 10017 Telephone: (212) 885-8000 Fax: (212) 697-1299

Independent Auditors' Report

The Members
David J. Greene and Company, LLC
New York, New York

We have audited the accompanying statement of financial condition of David J. Greene and Company, LLC as of December 31, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of David J. Greene and Company, LLC as of December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

BDO Saidman, LLP

February 18, 2008

Statement of Financial Condition

Assets	
Securities owned, at fair value (Notes 2 and 3)	\$3,330,493
Investment advisory fees receivable	2,549,236
Cash and cash equivalents	2,365,482
Cash equivalents, pledged to counterparty (Note 4)	365,382
Furniture, equipment and leasehold improvements, net of \$555,485	•
accumulated depreciation and amortization	153,014
Prepaid expenses and other assets	31,575
Receivable from clearing broker (Note 3)	11,748
	\$8,806,930
Liabilities and Members' Equity	
Liabilities:	
Deferred investment advisory fees	\$ 624,869
Accrued expenses and other liabilities	543,400
Total liabilities	1,168,269
Commitments (Notes 3, 4, 5 and 6)	
Members' equity (Notes 5 and 7)	7,638,661
	\$8,806,930

See accompanying notes to statement of financial condition.

Notes to Statement of Financial Condition

1. Business and Summary of Significant Accounting Policies

Business

David J. Greene and Company, LLC ("Company") is a New York limited liability company. The Company is a registered broker-dealer in securities under the provisions of the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company acts as an investment advisor primarily on a discretionary basis and trades mostly in equity securities.

The Company has an agreement ("Clearing Agreement") with a clearing broker ("Clearing Broker") to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform recordkeeping functions. Accordingly, the Company operates pursuant to the exemptive provisions of the Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(ii).

Securities Transactions

Securities transactions and related expenses are recorded on a trade date basis. Securities listed on a national exchange are valued at the last sales price on the date of valuation. Securities not listed on a national exchange are valued at the last sales price on the date of valuation or, if such price is not available, at the bid price for securities owned.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of less than ninety days that are not held for sale in the ordinary course of business as cash equivalents.

Cash is held at two financial institutions and, at times, may exceed the amount of \$100,000 insured by the FDIC.

Furniture, Equipment and Leasehold Improvements

Furniture and equipment are depreciated over the estimated useful lives of the assets, which range from five to seven years. Leasehold improvements are amortized over the term of the lease or life of the assets, whichever is shorter.

Notes to Statement of Financial Condition

Income Taxes

No income tax provision has been made in the accompanying financial statements as the members report their share of the Company's income or loss on their income tax return.

Use of Estimates

The preparation of a statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

New Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements". This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not believe that the adoption will have a material impact on the financial statements.

On July 13, 2006, the FASB released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which establishes that a tax position taken or expected to be taken in a tax return is to be recognized in the financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. FIN 48 is effective for fiscal years beginning after December 15, 2007. The adoption of FIN 48 is not expected to have a material impact on the Company's results of operations or its financial position.

Notes to Statement of Financial Condition

2. Securities Owned

As of December 31, 2007, securities owned consist of:

	Fair value
U.S. Government obligations	\$1,992,999
Common stocks	1,337,494
	\$3,330,493

3. Clearing Agreement

The Company has a clearing agreement with a brokerage firm to carry its account and the accounts of its customers. The broker has custody of the Company securities and, from time to time, cash balances, which may be due from this broker.

These securities and/or cash positions serve as collateral for any amounts due to broker or as well as collateral for securities sold short or securities purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Company's customers which are carried on the books and records of the clearing firm.

The Company is subject to credit risk if the broker is unable to repay balances due or deliver securities in its custody.

4. Commitments

Operating Lease

Minimum annual rental commitments for office space under a noncancellable lease are approximately:

Year ending December 31,	
2008	\$ 698,000
2009	722,000
2010	724,000
2011	724,000
2012	724,000
	\$3,592,000

Notes to Statement of Financial Condition

The Company has entered into a collateral agreement that requires it to maintain a security deposit in a separate account at its clearing broker for the benefit of the sub-landlord containing only marketable securities and cash equivalents.

Pursuant to the agreement the amounts deposited in this account must have an aggregate market value of not less than \$360,000 through January 31, 2009. However, if at the end of any calendar month, the securities deposited in the collateral account are readily marketable direct obligations of the United States government, Federal funds, unsecured certificates of deposit, time or demand deposits, banker's acceptances, repurchase agreement having maturities of not more than one year, or the short-term debt obligations of which are rated A-1 by S&P and P-1 by Moody's, the amounts required to be deposited are reduced to an aggregate market value of not less than \$300,000 through January 31, 2009.

As of December 31, 2007, the Company had cash equivalents pledged to counterparty of approximately \$365,000.

Customer Transactions

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either the customer or the counterparty, the Company may be obligated to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transactions.

The Company does not anticipate nonperformance by customers or counterparties in the above situation. The Company's policy is to monitor its market exposure, which includes counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty and customers with which it conducts business.

Notes to Statement of Financial Condition

5. Regulatory Net Capital Requirements

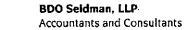
The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007, the Company had regulatory net capital of \$868,718 and a minimum regulatory net capital requirement of \$100,000. The Company's net capital ratio was 1.26 to 1.

6. Profit Sharing Plan

The Company has a salary reduction and profit-sharing plan covering both employees and members. Under the provisions of the plan, employees may elect to contribute a portion of their compensation to the plan with a matching contribution, as defined in the plan document.

7. Subsequent Capital Transactions

For the period from January 1 to February 18, 2008, the Company paid capital withdrawals amounting to \$3,028,000. These amounts were excluded from net capital computation at December 31, 2007.





330 Madison Avenue New York, New York 10017 Telephone: (212) 885-8000 Fax: (212) 697-1299

Independent Auditors' Report on Internal Control Required by Securities and Exchange Commission Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c-3-3

The Members
David J. Greene and Company, LLC
New York, New York

In planning and performing our audit of the financial statements and supplemental schedules of David J. Greene and Company, LLC (the "Company") for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1. Making the quarterly securities examinations, counts, verifications, and comparisons and the recordation of differences required by Rule 17a-13.
- 2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

BDO Seidman, LLP Accountants and Consultants



The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.



BDO Seldman, LLP Accountants and Consultants

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

BOO Seidman, LLP

Certified Public Accountants

New York, New York

February 18, 2008